

23 - ADR&DL Planning Funds

Monday, February 01, 2016
11:04 AM

SOUTH DAKOTA BOARD OF REGENTS

Full Board

**REVISED
AGENDA ITEM: 5**

DATE: December 15, 2015

SUBJECT: Governor's Recommendation for ADR&DL Planning Funds

At the December 2-3, 2015, meeting, the Board agreed to support legislation for an additional \$2.21M to complete the design of the new Animal Disease Research and Diagnostic Laboratory facility. The money would get the design of the project through the design development phase and allow for about a 95% confidence rate on the projected cost of the facility, when working with a Construction Manager at Risk. At this funding level, we would be able to get a guaranteed maximum price with a 5% contingency built in. A summary of the development and design costs was provided in the December board item which is included as Attachment I.

The Governor identified \$1,575,000 in his budget recommendations for planning funds for the facility. This amount of funding would allow the design work to be completed through the schematic design phase and into the beginnings of the design development. At that point, a projected cost of the facility can be estimated with roughly an 85-88% confidence rate. If the projected cost at the schematic design phase is considered to be doable and within reach as a state priority, the constituent group may want to move forward with the completion of the design development phase. If that were the case, there would need to be additional planning funds of \$635,000. The funding source would be from cash balances within ADR&DL that were accumulated from testing fees. This would bring the total amount of funding from ADR&DL operations to \$1,167,000.

RECOMMENDED ACTION OF THE EXECUTIVE DIRECTOR

I move to spend no more than \$635,000 additional from ADR&DL operations to support the planning for the new facility.

SOUTH DAKOTA BOARD OF REGENTS

Budget and Finance

AGENDA ITEM: 6 – G

DATE: December 2-3, 2015

SUBJECT: ADR&DL Planning Funds

The mission of the South Dakota Animal Disease Research and Diagnostic Laboratory (ADR&DL) is to protect and improve the viability of the South Dakota livestock industry, the health of animals, and the welfare of society through high quality diagnostic, research, extension and teaching activities. The ADR&DL provides high quality veterinary diagnostic services as a means to promptly and accurately establish causes of animal health problems. Such diagnosis aids attending veterinarians and health officials in the treatment, control, prevention, and surveillance of animal diseases to the benefit of the South Dakota livestock industry, other animal owners and the public at large. Continued service to provide high quality animal and public health is dependent on up-to-date facilities, biocontainment of infectious agents, capacity for growth of specialized and emergency testing, research in the control, prevention and diagnosis of infectious diseases and teaching the next generation of animal and public health scientists. While the facility is assigned to SDSU, it clearly has a broad state function and mission important to the state of South Dakota. Because the facility is assigned to SDSU and is on the SDSU campus, the Board has taken the lead at this point to approve preliminary planning and select the A/E firm to start some of the planning work.

In October of 2014, the Board approved the Preliminary Facility Statement for the Animal Disease Research and Diagnostic Laboratory. In December, SDSU presented a Facility Program Plan that indicated the need for multiple additions and renovation of the existing Animal Disease Research and Diagnostic Laboratory (ADR&DL) facility at an estimated cost of \$63,787,700. The Facility Program Plan with all the details was approved by the Board at the December 2014 meeting. The Board approved the Facility Program Plan with the following recommendation:

Approve SDSU's Facility Program Plan which will allow SDSU to investigate alternatives and options for the renovation and enhancement of the existing Animal Disease Research and Diagnostic Laboratory building. SDSU is requested to develop construction/renovation options that would provide various levels of diagnostic and

(Continued)

RECOMMENDED ACTION OF THE EXECUTIVE DIRECTOR

I move to approve support of legislation and the need for \$2.21M of ADR&DL planning funds necessary to complete Design Development at a cost not to exceed \$2.21M.

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industry service capabilities that, in the end will provide cost options. Further, the various options should include related business plans that will show the full extent of revenues and expenses and available resources to support the facility options. The estimated \$400,000 construction planning will come from ADR&DL facility funds. A funding source will need to be identified for project construction before final design.

SDSU has since partnered with a number of agencies and commodity groups to further the dialogue about the need for the upgrade and to identify the appropriate cost for a facility that will meet the state's needs. The State Veterinarian and Executive Secretary of the South Dakota Animal Industry Board, Dustin Oedekoven has led three statewide meetings to guide the discussion and planning. The meetings have included legislators, multiple state agencies, commodity groups, staff from the Governor's Office, staff from the Office of the State Engineer, SDSU ADR&DL leadership, SDSU facilities and finance staff, and BOR staff.

Dr. Oedekoven has commissioned the group to consider the future of the South Dakota Veterinary Diagnostic Lab (Animal Disease Research and Diagnostic Lab, ADR&DL) and reminded people of the recent animal health events demonstrating the critical relevance of the veterinary diagnostic lab to our state. Further, while there have been many discussions on the importance of the lab to livestock, companion animal, wildlife, and public health, as well as food safety, the time to address the present and future needs of the laboratory is upon us. Topics discussed at the meetings include:

- The current status of the veterinary diagnostic lab and the services provided to the public and the region.
- The need for additional space, more bio-secure facilities for worker safety, and additional capacity for identifying emerging diseases that are significant to animal and public health.
- A review of the needs assessment that has been completed, and an update on the planning process.
- A review of the parasiticide tax and its relevance to the veterinary diagnostic lab.
- Bonding options
- Planning funds to fully develop the design plans for the facility.

The last meeting, held on November 20, 2015, focused on the planning process for the project and the desire to find the money to allow the project to get through design development. Depending on the estimated cost of the project at that point, it is the intent of the group to start discussions on how the facility would be funded and to potentially go forward with a request from the Legislature for the construction funding in the 2017 session. In order to keep the project moving, we need another \$2.21M to get through design development. The cost could be lower depending on what portion of the estimated \$470,000 of consulting work is needed through design development.

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A summary of the estimated costs is attached. SDSU has already committed \$532,000 to the project from ADR&DL testing fees cash on hand to get through programming and conceptual design. During the schematic design phase, various options of project scope would be examined and selected. A business plan for continued operation and maintenance of the existing and new facility would be developed. Once the scope of the project is selected, the objective would be to develop the design to a higher level of detail, and utilize a construction manager at risk to provide a Guaranteed Maximum Price estimate of construction and project costs. The developed scope and project costs would be utilized to request funding and spending authority for full design and construction of this project in the 2017 Legislative Session. To complete schematic design, to get through design development, construction cost estimating, retro-commissioning services, and procurement of a construction manager at risk will cost an additional \$2.21M. If the money is available this session, it will take 7-8 months to complete the planning through design development, so the earliest it would be done is October or November of 2017.

At each stage of the planning, the project will be assessed to determine if it is feasible and whether it should move forward to the next phase. It is unknown how the actual construction will be funded but everyone agrees that this could well be a significant expenditure of state general fund dollars. This facility must be a state priority and the funding to support construction will need to come from the state and others as appropriate.

At this time it is believed that there will be legislation submitted to fund a portion of the costs to complete the planning. The Board is being asked by the ADR&DL Constituency Group to support the funding at the full cost of \$2.21M. While sources and amounts available are not known at this time, the need to support the project at the full planning amount and to be ready for the 2017 legislative session is supported by the group.

ADRDL - Addition and Renovations
 Design fee structure through Design Development
 Date: November 20, 2015

Programming and Conceptual Design	Cost	
Programming	\$ 250,000	Source: Clark Enersen proposal
Conceptual Design	\$ 250,000	Source: Clark Enersen proposal
Reimbursables through Conceptual Design	\$ 32,000	Source: Clark Enersen proposal
SUBTOTAL	\$ 532,000	Project services funded by ADRDL/SDSU
Schematic & Design Development		
Schematic Design	\$ 675,000	Source: Clark Enersen proposal
Design Development	\$ 900,000	Source: Clark Enersen proposal
Reimbursables for Schematic Design	\$ 40,000	Source: Clark Enersen proposal
Reimbursables for Design Development	\$ 15,000	Source: Clark Enersen proposal
SUBTOTAL	\$ 1,630,000	
Other Consultants		
Topographical Survey	\$ 6,000	Basis: other recent contracts
Geotechnical report	\$ 4,000	Basis: other recent contracts
Commissioning Agent design consultation	\$ 120,000	Basis: 1/3 of consultant fees on \$40M construction value
RetroCommissioning Analysis	\$ 50,000	Basis: 1/2 of consultant fees on \$10M construction value
BSL-3 Operations consultant	\$ 40,000	Consultant services for lab certification (possible cost)
CM@R estimating and constructability analysis	\$ 250,000	Basis: Preconstruction contracts from other CM@R projects
SUBTOTAL	\$ 470,000	
Project Management		
OSE	\$ 30,000	
SDSU Facilities & Services	\$ 80,000	
SUBTOTAL	\$ 110,000	Additional project services required through Design Development
TOTAL Planning Costs	\$ 2,742,000	
Project services funded by ADRDL/SDSU	\$ (532,000)	
Funding Needed to Complete Design Development	\$ 2,210,000	